

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.labor.hawaii.gov
Phone: (808) 586-8844 / Fax: (808) 586-9099
Email: dilir.director@hawaii.gov

April 4, 2016

To: The Honorable Jill N. Tokuda, Chair,
The Honorable Donovan M. Dela Cruz, Vice Chair, and
Members of the Senate Committee on Ways and Means

Date: Monday, April 4, 2016
Time: 2:00 p.m.
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 2605 HD1SD1 Relating to Labor

I. OVERVIEW OF PROPOSED LEGISLATION

HB2605 HD1SD1 proposes to appropriate out of the general funds the sum of \$850,000 or so much thereof as may be necessary for Fiscal Year 2016-17 to establish, administer, and support on-the-job training (OJT) for individuals who are dislocated due to the closure of Hawaiian Commercial & Sugar Company (HC&S), effective January 7, 2059.

DLIR estimates that the sum of \$850,000 would provide OJT services to about 85-90 workers who lose their jobs as a result of the HC&S closure. OJT programs involve reimbursing employers who hire and train new workers up to 50% or more of the wages paid for a limited period. This costly, but effective training option historically has resulted in a 90% retention rate after the reimbursement period ends.

With the announcement of the closure of the Makena Beach Golf Resort, DLIR suggests amendments to broaden the scope of the bill below. The department supports the bill provided it does not replace or adversely affect priorities identified in the Governor's Supplemental Budget request.

II. CURRENT LAWS

Federal funds currently available are projected to be insufficient to serve the large

numbers scheduled for layoff from HC&S. The amount allocated for Maui's dislocated worker program under the federal Workforce Innovation and Opportunity Act (WIOA) this year is \$140,000, which includes funds for staff support and participant training. This may serve 30-40 individuals. A federal Dislocated Worker Training grant and Job-Driven National Emergency Grant, provides a total additional \$200,000 to serve about 25-35 dislocated workers on Maui County. The first grant expires June 30, 2016, and the second grant expires September 30, 2016.

Recently USDOL certified HC&S workers under the Trade Adjustment Act as eligible for federal job training and other related benefits. However, this certification pertains only to workers laid off from November 16 2014 to November 16, 2016. The Trade Adjustment Act status of workers laid off after November 16, 2016 is uncertain.

III. COMMENTS ON THE HOUSE BILL

The closure of HC&S will result in the termination of about 670 workers over the period from March to December 2016. DLIR is working with the International Longshore and Warehouse Union (ILWU), HC&S, Maui County, Maui Workforce Development Board, U.S. Department of Labor/Employment and Training Administration, and other agencies to gather data on workers' needs and provide services as appropriate with the funds available.

That data will provide the basis for developing grant proposals to seek additional federal funds to address workers' needs for retraining and facilitate their successful transition to other jobs. DLIR notes that funding decisions by the federal government are contingent on funds available as well as other national priorities, including natural disasters.

This bill would be very useful to supplement federal funds to ensure that workers can access the services they need when they lose their jobs. OJT, which this bill provides, would expand the number of workers that can benefit from this relatively costly but effective training option. OJT programs involve reimbursing employers who hire and train new workers up to 50% or more of the wages paid for a limited period. This reimbursement is an incentive to employers to hire an employee who lacks all of the skills or experience needed. OJT programs are a very powerful tool that has resulted in a 90% retention rate after the reimbursement period ends.

DLIR supports this bill to assist the workers so they may continue to contribute to the economy of Maui, provided it does not replace or adversely affect priorities identified in the Governor's Supplemental Budget request.

DLIR offers the following amendments for the Committee's consideration:

➤ Page 1, paragraph 1:

The legislature finds that the closures of Hawaiian Commercial and Sugar Company, the State's last sugar plantation, and Makena Beach and Golf Resort will lead to a loss of over a thousand jobs on Maui. Although some employees of Hawaiian Commercial Sugar Company will be covered for job training assistance under the recent federal Trade Adjustment Act certification, other dislocated workers will not qualify. As these employees lose their jobs and income, restaurants and stores may see a decrease in customers and sales, families may not be able to pay their mortgages and rent, and students may no longer be able to afford school or college tuitions.

➤ Page 1, lines 15-17:

"to expire on June 30, 2016, thereby making the funds unavailable for a large group of dislocated workers in Maui County, which will have diverse training needs."

➤ Page 2, line 1-6:

"The purpose of this Act is to address the pending unemployment and dislocation of workers on Maui County for which there are insufficient federal funds by appropriating funds to establish, administer, and support job training and other activities that assist the workers' transition into employment."

➤ Page 2, section 2 (plus the expending language:

There is appropriated out of the general revenues of the State of Hawaii the sum of \$850,000 or so much thereof as may be necessary for fiscal year 2016-2017 to establish, administer, and support job training and preparation activities such as, but not limited to, basic computer literacy, job search assistance, skill assessments, vocational counseling, remedial math and English, English as a Second Language, vocational training, work-experience, on-the-job training, and support services, including work tools, safety shoes, and job certification fees, for individuals who are dislocated on Maui County.

**HB 2605 SD1
RELATING TO LABOR**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

APRIL 4, 2016

Chair Tokuda and Members of the Senate Committee on Ways & Means:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) on HB 2605 SD1, “A BILL FOR AN ACT RELATING TO LABOR.” We support this bill.

Hawaiian Commercial & Sugar Company (HC&S) has been in operation for over 140 years and is Hawaii’s last remaining sugar plantation. Regretfully, HC&S will be transitioning out of farming sugar by the end of this year, and will instead pursue a diversified agricultural model for the 36,000 acres presently in cultivation. For many years, A&B has made every possible effort to keep HC&S in operation and did so far longer than any other sugar company in the state. Unfortunately, we are unable to sustain the kind of financial losses that HC&S has realized over the past two years, with no significant improvement in performance anticipated in the future.

A&B is fully committed to support its impacted employees. The Company is providing a team of transition coordinators whose sole responsibility will be to assist HC&S employees on a one-to-one basis in finding alternate employment opportunities, training or re-education, as appropriate. The coordinators will identify and coordinate available Federal, State, County, and private job assistance programs, including employment counseling, job training, financial counseling, job placement, and education

services. A&B also intends to offer all employees enhanced severance and benefit packages. Retirement benefits accrued by eligible employees, retirees, and past employees will not be affected by the transition out of sugar.

A&B supports this bill as it will provide funding to establish, administer, and support on-the-job training for HC&S employees. Any additional initiatives and funding authorizations that will assist in better preparing HC&S employees to meet the qualifications and requirements of new employment opportunities is greatly welcomed. Over the years, HC&S employees have exhibited a strong commitment and dedication towards their jobs and responsibilities, which has been an essential component in enabling HC&S to continue its sugar operations long after the closure of many of the other sugar plantations in Hawaii. We are certain that with proper training and retraining, the many positive attributes of HC&S employees will be of great benefit to other entities and businesses.

Based on the aforementioned, we respectfully request your favorable consideration on this bill.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the Senate Committee on Ways & Means
Monday, April 4, 2016 at 2:00 P.M.
Conference Room 211, State Capitol**

RE: HOUSE BILL 2605 HD 1 SD 1 RELATING TO LABOR

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2605 HD 1 SD 1, which appropriates funds to establish, administer, and support on-the-job training for individuals who are unemployed and dislocated due to the closure of Hawaiian Commercial & Sugar Company on Maui.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The HC&S closure greatly impacted the state's economy and more significantly, Maui County's workforce. The Chamber supports HB 2605 HD 1 SD 1 as it is greatly needed to help those 600+ employees resulting from the plantation's closure. The funds provided in this bill to establish an on-the-job training program in Maui will not only help address the dislocated workers directly affected by the closure, but also help the local economy bounce back from this setback.

Thank you for the opportunity to testify.

Hawai'i Construction Alliance

P.O. Box 179441
Honolulu, HI 96817
(808) 348-8885

April 1, 2016

The Honorable Jill N. Tokuda, Chair
The Honorable Donovan M. Dela Cruz, Vice Chair
and members
Committee on Ways and Means
Hawai'i State Senate
Honolulu, Hawai'i 96813

RE: Strong Support for HB2605 HD1 SD1, Relating to Labor

Dear Chair Tokuda, Vice Chair Dela Cruz, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We are strongly supportive of **HB2605 HD1 SD1, Relating to Labor**, which would appropriate funds to establish, administer, and support on-the-job training for individuals who are dislocated due to the closure of Hawaiian Commercial & Sugar Company on Maui..

We are proud to be a member of Mayor Arakawa's Sugar Operators Work Assistance Task Force, which was convened following the announcement that Hawaiian Commercial & Sugar Company would be shutting down sugar production in 2016. The purpose of the task force is "to assist the displaced sugar workers with their transition by identifying and coordinating available employment opportunities, programs and services (including but not limited to training, counseling, job placement, entrepreneurial programs, etc.) and safety net programs (including but not limited to financial counseling, mental health, food and mortgage assistance, etc.), and maximizing their availability to the displaced employees."

Through the task force, we have been collaborating with other stakeholders including DLIR and the Maui County Office of Economic Development to find ways to provide job training and retraining to the workers who will be laid off as a result of the HC&S closure. Additional funding will help to support these efforts and encourage businesses to hire and retrain these workers.

For the above reasons, we respectfully request your committee's favorable action on **HB2605 HD1 SD1, Relating to Labor**.

Mahalo,



Tyler Dos Santos-Tam
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiiconstructionalliance.org



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

April 04, 2016

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON HB 2605, HD1, SD1
RELATING TO LABOR

Room 211
2:00 PM

Aloha Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

HFB is in strong support of HB 2605, HD1, SD1, which appropriates funds to establish, administer, and support on-the-job training for individuals who are unemployed and dislocated due to the closure of Hawaiian Commercial & Sugar Company on Maui.

The announcement by HC&S on the same day as a similar announcement by Hamakua Springs of their closure clearly demonstrates the challenges faced by commercial agriculture. Yet, Hawaii wants to see agriculture as part of their plan for increased self sufficiency and sustainability.

HFB supports this measure which will provide training assistance in adapting to job opportunities. Employees will need to find other jobs and require training to enhance their skills to become successful in new job opportunities. However, at the same time A&B's diversification plans will also require workers in the future. General horticultural knowledge which is quite different from sugarcane will be needed.

Thank you for this opportunity to comment on this measure.



MAUI FILIPINO CHAMBER OF COMMERCE

P.O. Box 331033 Kabului, Maui, HI 967933 • www.mauifilipinochamber.com • info@mauifilipinochamber.com

April 2, 2016

Testimony to the Senate Committee on Ways and Means
Hearing of Monday, April 4, 2016
Conference Room 211, State Capitol

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TESTIMONY IN SUPPORT OF HOUSE BILL 2605, HD 1 RELATING TO LABOR

Chair Tokuda, Vice-Chair Dela Cruz, and Members of the Committee:

The Maui Filipino Chamber of Commerce supports HB 2605, HD 1, which appropriates funds to establish, administer, and support on-the-job training for individuals who are unemployed and dislocated due to the closure of Hawaiian Commercial & Sugar Company on Maui.

As Maui Filipino Chamber of Commerce's mission is to promote, represent, and advocate the interests of the business community in Maui County and promote participation in the business community by those engaged in business, agriculture, industry, commerce, or profession, our organization is deeply interested in improving our community's economic climate and to address issues that greatly affect our community.

The HC&S closure will greatly impact Hawai'i's economy and more significantly, Maui County's workforce. The Maui Filipino Chamber of Commerce strongly supports the measure as it is greatly needed to help those 600+ employees resulting from the plantation's closure. The bill will not only help assist the workers impacted by the closure, but will also help the local economy bounce back from this setback.

Thank you for the opportunity to submit this testimony.

Maraming salamat po,

Kit Zulueta, President
Maui Filipino Chamber of Commerce